

## Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 ISO-00 FMC-01 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 CG-00 DLOS-09  
OES-07 L-03 /046 R

DRAFTED BY EB/TCA/MA:JAPURNELL:EW

APPROVED BY EB/TCA/MA:RKBANK

FMC:TCHRISTENSEN

ARA/ECP:DTAHER

ARA/ECA:DVANTREECK (INFO)

-----010655 300129Z /75

R 291800Z JUL 77

FM SECSTATE WASHDC

TO AMEMBASSY MONTEVIDEO

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E.O. 11652:N/A

TAGS: EWWT, UR

SUBJECT:URUGUAYAN CARGO PREFERENCE LAW

1. U.S. SHIPPING LINE HAS PROVIDED DEPARTMENT AND FEDERAL MARITIME COMMISSION (FMC) WITH SPANISH AND ENGLISH COPIES OF URUGUAYAN LAW 14650, WHICH WAS APPARENTLY APPROVED BY THE COUNCIL OF STATE MAY 4, 1977, AND PUBLISHED IN THE OFFICIAL GAZETTE MAY 23, 1977.

2. THE LAW RESERVES ALL IMPORT CARGO TO URUGUAYAN-FLAG VESSELS. HOWEVER, WAIVERS MAY BE GRANTED TO FOREIGN-FLAG VESSELS PROVIDED, FIRSTLY, THAT URUGUAYAN-FLAG VESSELS ARE NOT AVAILABLE AND PROVIDED, SECONDLY, THAT THE VESSELS BELONG TO FOREIGN-FLAG SHIPPING LINES WHICH ARE PARTIES TO CARGO-SHARING AGREEMENTS WITH URUGUAYAN SHIPPING

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COMPANIES WHICH HAVE BEEN APPROVED BY THE MINISTRY OF TRANSPORT AND PUBLIC WORKS.

3. THE LAW ALSO PROVIDES THAT THE GOVERNMENT WILL ESTABLISH TAX REBATES FOR EXPORTERS WHO SHIP ON URUGUAYAN-FLAG VESSELS.

4. EMBASSY REQUESTED TO REPORT ON HOW GOU PLANS TO  
IMPLEMENT THIS LAW, PARTICULARLY THE GRANTING OF WAIVERS  
TO FOREIGN-FLAG CARRIERS FOR IMPORT CARGO, AND OF THE  
REBATES TO EXPORTERS.

5. FYI: THIS LAW APPEARS TO BE HIGHLY DISCRIMINATORY  
ON ITS FACE, BUT THE DEPARTMENT AND THE FMC ARE MORE  
CONCERNED WITH HOW IT IS APPLIED IN PRACTICE IN THE U.S.  
FOREIGN TRADE. THE FMC IS EMPOWERED UNDER SECTION 19,  
MERCHANT MARINE ACT, 1920, TO TAKE A WIDE RANGE OF  
COUNTERVAILING MEASURES AGAINST SHIPPING LINES THAT  
BENEFIT FROM DISCRIMINATORY FOREIGN LAWS. BEFORE THE  
FMC CAN TAKE SUCH ACTION, HOWEVER, IT MUST HOLD FORMAL  
INVESTIGATIONS IN WHICH ALL PARTIES MAY BE ASSISTED  
BY LEGAL COUNSEL. VANCE

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
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**Current Classification:** UNCLASSIFIED  
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**Disposition Date:** 22 May 2009  
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**Original Previous Classification:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
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